

Impact on travel of the Paris Olympics and UEFA European Championship

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Introduction

Two quadrennial sporting events to impact travel in Europe in 2024

Two four-yearly multinational sporting events are due to coincide in Europe this year: the Paris Olympic and Paralympic Games; and the UEFA European Championship to be held in Germany. Both events are expected to boost travel in the host countries and to specific locations within them. The events will attract both domestic and foreign tourists.

Given the expected increase in tourism volumes, accommodation suppliers can expect to see a surge in forward bookings. For the duration of the events, and possibly in the weeks before and after them, travelers should anticipate room rates that are well above seasonal norms. They will also face extra costs from increased tourist tax levies, which the French government has introduced to cover some of the cost of hosting the Olympic Games.

Oxford Economics recently published a research briefing, *Europe: Olympics and Euros 2024, what can we expect?*, in which it outlined its expectations for the impact of these two events on the host countries. In this new *Insights* report, we summarize the key points from Oxford Economics' study and incorporate some findings from analysis conducted by BCD Travel's Research & Intelligence team.

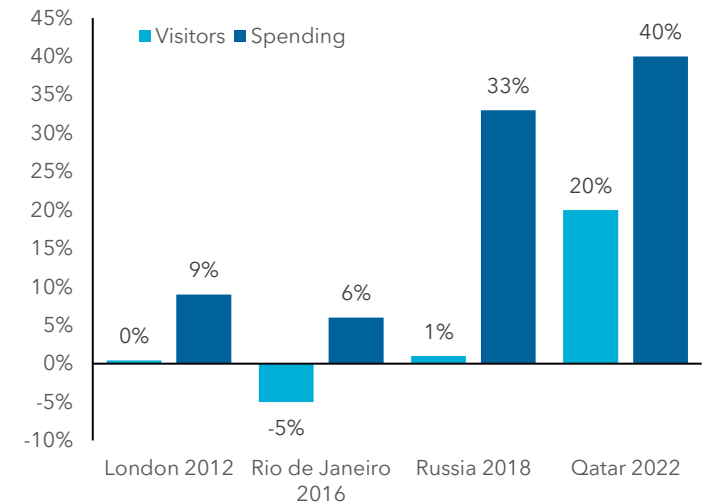
Large events drive an increase in demand and spending

There is clear measurable evidence that large events often drive increases in demand for accommodation and spending. In 2024, Europe is set to host two quadrennial events, which will inevitably have an impact on tourism in the two host countries. From [June 14 to July 14](#), Germany will host the UEFA European Championship, with football matches spread across ten stadiums. The Olympics are due to begin in Paris on [July 26, running until August 11](#), with activities resuming on August 28 for the Paralympics, which will run until [September 8](#).

As host nations, one would assume that both France and Germany can expect a surge in visitor numbers and increased spending by them. But it's not as straightforward as this, as data from past Olympic Games and FIFA World Cups suggests. When hosting the Olympic Games, neither London in 2012 nor Rio de Janeiro in 2016 experienced a substantial rise in visitor numbers. Indeed, the Brazilian host city recorded a [5% drop](#) in tourist arrivals. But those tourists who did visit during the Games spent [6% more](#) year-over-year. Hosting the Olympic Games drove up unit travel costs.

The Olympic effect contrasts to the fortunes of countries hosting the FIFA World Cup, and Qatar in particular. While Russia recorded a slight rise in visitors when it hosted the competition in 2018, Qatar saw arrivals jump by [20%](#), although a pandemic effect may have provided an added boost. But, in both cases, there was a significant rise in spending, which jumped by more than [one-third](#). Again, evidence of unit travel costs rising when a country hosts a major, multinational sporting event.

Year-over-year growth during major events



Impact of the 2012 Olympics on London

A surge in accommodation and other travel costs

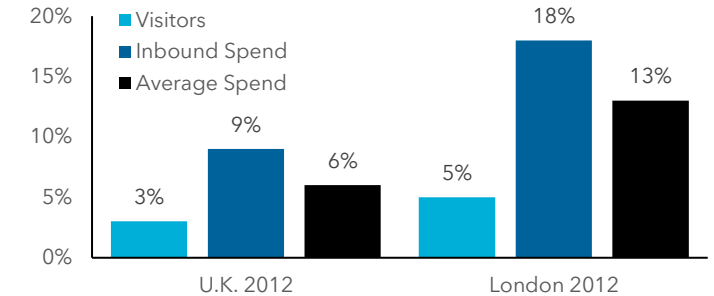
The London 2012 Olympics should provide a useful benchmark against which an assessment may be made of the possible the impact on Paris from hosting the Games.

In the run up to large events, accommodation providers typically see a rise in forward bookings, and this increased demand should feed through to a hike in average daily rates (ADRs). Traveler profiles and the one-off nature of these events offer further price premiums that can be exploited by hoteliers and other accommodation providers. Travelers may be prepared to pay more to attend a once-in-a-lifetime event.

Compared to the average for the previous three years, during the Olympic period both London and the wider U.K. recorded rises in visitor numbers, of 5% and 3%, respectively. And yet both inbound spending and average spending recorded much bigger increases. This supports the notion of unit travel costs, as well as travel volumes, rising during an event. Indeed, the later experience from the Rio de Janeiro Olympics in 2016 showed a particularly extreme ADR response to the increased demand for accommodation.

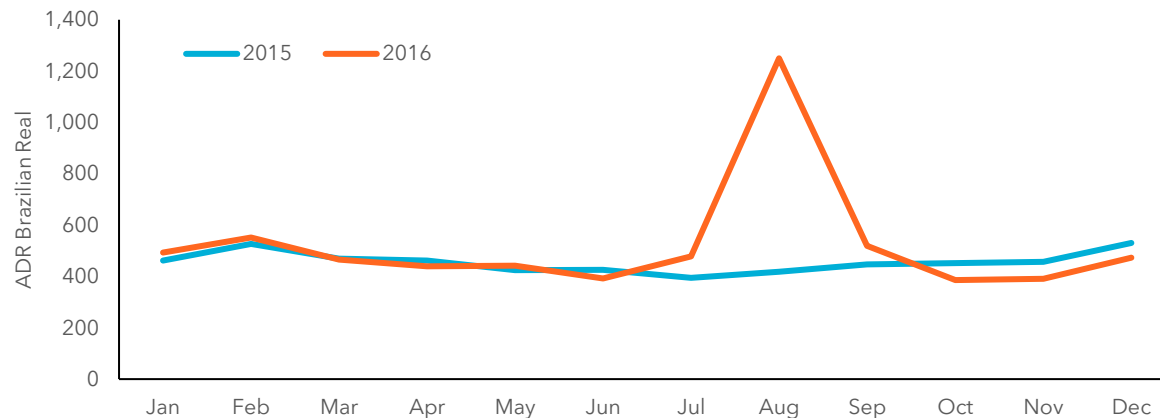
Whilst the Brazilian city hosted the event in August 2016, room rates jumped by 199% year-over-year to a level that was also 239% above the annual average for 2016. Even in September, as Rio de Janeiro hosted the Paralympics, ADRs were 16% higher than in 2015.

Year-over-year growth during major events vs average in previous three years



Source: Oxford Economics, March 2024

Hotel average daily rates in Rio de Janeiro - the Olympic effect



Source: BCD Travel analysis of data from STR



Potential impact of the 2024 Paris Olympics

A positive impact from tourism

As part of France's original bid for hosting the Olympics, the French Center for Sports Law and Economics conducted an economic impact study in 2016. At that time, the study calculated the 2024 Olympics would generate up to €10.7 billion in positive impact and up to 247,000 jobs. Of the €10.7 billion, between €1.4 and €3.5 billion (13-33%) would be derived directly as an effect of tourism. Clearly a lot has changed since this study was undertaken; not least a four-year pandemic and a cost-of-living crisis with high levels of inflation and elevated interest rates.

France to see a bigger spending boost than Paris

Oxford Economics has updated the original pre-bid analysis, incorporating more recent economic variables.

When compared to 2019 (to eliminate the impact of the pandemic's disruption to travel), overall inbound travel to France and Paris could increase by 5-10%. Somewhat surprisingly, overall inbound spending will grow more quickly for France (by 24%) than is expected for the host city, Paris (13%). And while average spend (across all tourists) will hold fairly steady with a rise of just 3% expected, nationally it should increase by almost one-fifth.

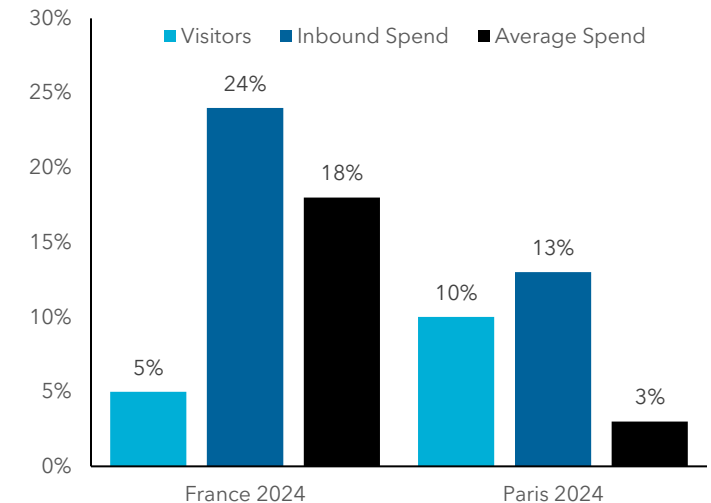
The greater impact of the Olympics outside the host city may be explained by inflationary pressures and financial caution among travelers. Expectations of higher pricing in Paris and of reduced availability of accommodation may have persuaded travelers to look further afield for somewhere to stay. Many are likely to book stays in towns and cities with good transport links to the capital: Locations from which Paris may be reached by rail within 90 minutes. The unusual levels of demand this will create in destinations outside Paris will feed through to stronger spending increases in these secondary locations.

The boost from an influx of Olympic tourists may be expected, to a certain degree, to be offset by the costs of disruption to normal activity in Paris. Businesses risk seeing their normal customer footfall disrupted by road closures and other adjustments to make the city more amenable for visitors to the Olympics.

Hoteliers won't necessarily see the full benefit of the higher prices paid by tourists. With the tourist tax rising by nearly 200% to between €2.60 and €14.95 per night, depending on accommodation type, hoteliers may be reluctant to increase the actual room rate by as much as they'd like.

The Paris Olympics' sustainability credentials and legacy promises may sufficiently improve the image of the event to attract even more visitors. The extra domestic and international tourists that could be attracted would see the spending benefits exceed what Oxford Economics currently predicts.

Expected Olympics impacts of France and Paris vs 2019



Source: Oxford Economics, March 2024

UEFA European Championships

What France can teach Germany

Germany will this year play host to the UEFA European Championships, otherwise known as the Euros 2024 tournament. Over a four-week period, there will be 51 football matches held in 10 different cities. Teams from 21 European countries will participate in the event. Oxford Economics examined the Euros 2016 tournament, which was hosted by France, to understand what potential benefits Germany might anticipate. It chose to ignore the more recently held Euros 2020 tournament, which had been delayed to 2021 by the pandemic, and which was hosted by numerous countries.

Fewer visitors, but more spending

In July and August 2016, when the tournament was held, international arrivals across France were **1.7% lower** than in the same period in the previous three years.

Matches were held in eight cities across France. But the impact on tourism in each city varied substantially. While international arrivals increased in both Bordeaux and Nice, they fell in all other locations, especially in Paris, which recorded a **10% decrease**. Visitors may have been put off by the prospect of crowds of football fans. There was also a decrease in overnight stays by domestic travelers, with many likely to have attended matches at venues nearby.

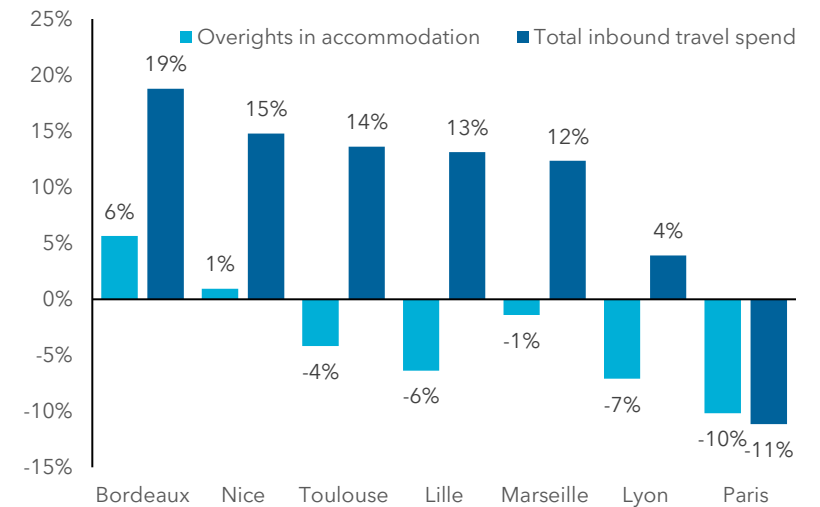
Displacement effects may explain why total visitor numbers actually fell when a city hosted a major event. Both business and leisure travelers might stay away from a city due to concerns about overcrowding and availability of accommodation and other services during their visit. For major cities, this displacement may have exceeded the extra visitors attending the matches. It's possible that such an effect could also apply to the Paris Olympics. A further displacement effect, notably in particular for football tournaments, is a drop in international arrivals from countries not participating in the competition.

In contrast, there was a substantial improvement in spending across all of the French cities except Paris, where spending fell by **11%**. On average, inbound spending increased by **9%**. Total economic impact was estimated at €1.22 billion, with fan zones generating €300 million, ticketing €230 million and other tourism expenditure €690 million.

Based on the experience of Euros 2016, international arrivals to Germany should **decrease** slightly during this year's tournament, but spending by inbound travelers should **increase**. Travelers from countries not involved in the tournament may be inclined to holiday somewhere else this year.

There is some cause for optimism among travelers. Given the economic woes Germany is currently facing, hotel room rates may remain more competitive than would normally be expected during such a major event. What's more, based on the experience of Brazil, which hosted a FIFA World Cup in 2014 and an Olympic Games in 2016, football tournaments may drive lower increases in hotel rates than the Olympics. Average daily rates rose **74%** year-over-year during the World Cup, but they soared by **199%** during the Olympic Games.

Euro 2016 impact across host cities vs previous three years



Source: Oxford Economics, March 2024

Risks facing both events

Normal risks to travel apply

Oxford Economics' analysis points to both the Paris Olympics and Germany Euros delivering more substantial benefits than similar past events. But there some risks to this outlook.

Like all travel, trips to major events such as these are equally exposed to the vulnerabilities of an industry in recovery. These include the final but fading effects of the pandemic, high inflation, interest rates sustained at elevated levels and increasing pressures from sustainability concerns.

Results from Oxford Economics' latest *Travel Industry Monitor* show 90% of respondents indicating [value for money](#) as key consideration among travelers in 2024. Anyone planning to attend either of the two major events might rein in their spending by staying in cheaper destinations or accommodation, shortening their length of their trips or reducing their food and beverage expenditure. With services inflation proving to be stickier than general inflation, tourists in particular will be exposed to higher costs.

Pandemic provides for some upside risk

The COVID-19 pandemic may have built the foundations for a spending upside. During periods of lockdown and restrictions, many consumers were unable to spend as much as usual on discretionary items, including travel, entertainment and dining out. This unspent income allowed for the build up of excess savings, over and above what consumers would normally save. As access to activities returns closer to normal, consumers have been going on a spending spree fueled by the accumulation of excess savings.

European travelers in particular have shown themselves willing to run-down (spend) these excess savings. This windfall could see them more prepared to pay more than they would typically do for event tickets, accommodation and other tourist-related services. Those staying in the host cities may spend more, while those staying elsewhere may extend their trips. All this adds up to extra spending and an extension of the period of increased travel demand.

Summary and conclusions

Both events will be winners, but to varying degrees

By hosting the Olympics in 2024, both Paris and France can expect to see an increase in tourist arrivals. While spending by overseas visitors is set to increase above its three-year trend, this will be partly due to inflation and increased taxation on tourism activity.

The UEFA European Championship should deliver more significant benefits than past tournaments. This is because more cities are hosting the matches than in France, and it's much easier to get between German cities, encouraging visitors to stay longer and spend more. And, like the Paris Olympics, excess savings may provide a boost to levels of spending.

So far, there has been enormous interest in and demand for tickets. However, with so many land borders and good transport links, ticketholders may spend less time in Germany, and many may simply take daytrips. The upside for hoteliers (and the impact on rates and availability) may be less significant, outside match nights and the city hosting each game.

Historic comparisons have their challenges

In order to estimate the impact on cities and nations of hosting major sporting events, any analysis must rely heavily on benchmarking against similar events held in the past. However, thanks to the pandemic, the war in Ukraine and other geopolitical developments, the travel industry and economic situation are today very different.

This means the prospects for the two major events scheduled for 2024 cannot be entirely comparable with what happened in the past. But such an approach should still provide an adequate guide of what impact to expect, and the issues travelers may face.



Share your thoughts

Do you have any questions or comments regarding this report?
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